

# Territorial NEWSLETTER CIS Countries

**EPCINDIA**

ENGINEERING THE FUTURE

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## Chairman's Pen



After ensuring good growth in exports for several months, Indian engineering exports to CIS dropped in May 2017 over the same month last year. However, this is not likely to be a reversal of trend as exports to CIS turned unusually high during May 2016 due to sudden jump in exports of 'IC Engines and parts' to Russia. Cumulative engineering exports to CIS also took a downturn due to much lower exports in May 2017. In fact, the broader trade and investments relation between India and the CIS is expected to be stronger in the years ahead in all possibilities through a deeper India-Russia bilateral relationship. Both the countries are now determined to remove the major constraints to merchandise trade like problems of

logistics and poor financial support mechanism. Opening up of The North South International Transport Corridor and setting up of Russian Trade House in India will surely see a more matured and concrete bilateral relational between these two nations.

I believe this newsletter will help our member exporters to take informed decision to set up or extend their businesses in the CIS region.

Tarvinder Singh Bhasin

## Committee on Trade with CIS Countries - Chairman's Note



The recent trend of Indian engineering exports to CIS depicts Russia as the trend setter. In fact, Russia accounts for around 75% of India's engineering exports to CIS. Therefore, penetrating the CIS region requires a more concrete trade and investment relation with Russia, and elimination of major trade barriers are necessary for that. This issue has been highlighted in this edition of our newsletter. Analysis of India's engineering exports to CIS for fiscal 2016-17 has also been included in this issue focusing on major export destinations and major engineering panels. Other regular sections like news, information on exhibitions and tenders are basically informative in nature.

I believe this newsletter will be beneficial for our member exporters to and help them in understanding the emerging opportunities in the CIS region.

Aman Chadha

Territorial  
NEWSLETTER – CIS Countries

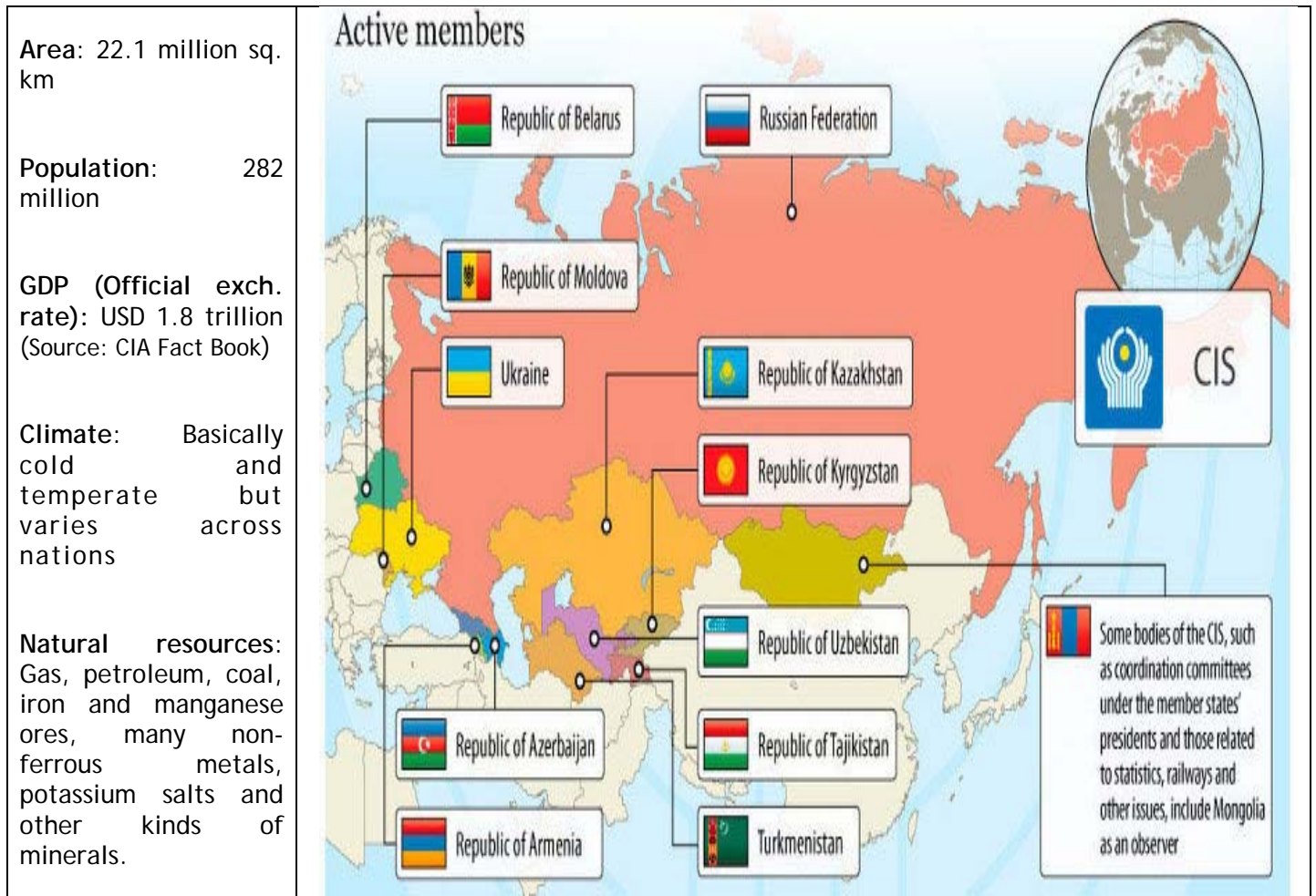
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## Basic Facts: CIS



## Both India and Russia are working on Eliminating Bottlenecks to Trade

Russia is the largest member as well as the richest economy of CIS. The share of India's merchandise exports to Russia in total merchandise exports to CIS increased from around 50% in 2012 to nearly 63% in 2016; while engineering exports to Russia accounted for around 75% of total engineering exports to CIS at present. Clearly, Russia is the most important nation in this region for India. Deepening its presence in Russia through trade and investments is necessary for India to enhance trade and economic relation with the CIS region.

India has been maintaining a warm and healthy bilateral relation with Russia since decades and recent visits of both the state heads have shown all promise to strengthen the relationship from both sides. A number of important bilateral agreements were concluded during 2016. Both the countries are now concentrating on removing the bottlenecks to trade. In fact, economic relations are undergoing a transformation with trade and investment being diversified. The governments of these two nations are constantly addressing bottlenecks in trade and cooperation through trade facilitation, and addressing issues related to logistics and financial transactions. The priority spheres of cooperation include nuclear energy, traditional and renewable energy, energy efficiency, oil and gas, metallurgy, machine building, aircraft and helicopter building, automobile industry, medical equipment and pharmaceuticals, chemicals and fertilizers, food

processing, infrastructure development. Both countries are focused on improving their business environment, creating new opportunities for interaction.

One of the main constraints of trade is complicated logistics that could be solved once The North South International Transport Corridor (ITC) becomes fully functional. This will reduce both time and cost of transportation between the two countries. Comparing with sea transportation, where a container needs 40 days to travel from St. Petersburg to Mumbai, operationalisation of ITC is expected to significantly reduce the travel time.

The Russian Government has started developing financial support mechanisms for exports through the Russian Export centre. The plan includes setting up of Russian Trade House in India with the purpose to intensify SME cooperation between the two nations. The intergovernmental negotiations on new bilateral investment treaty are in progress.

The proposal of signing the free trade agreement (FTA) between India and EAEU should also facilitate trade between two large economies of the world. During last two years, a joint study group carried out the feasibility study on FTA to pave the way for starting negotiations on FTA this year. The decision on concluding an agreement between the India and EAEU was welcomed by the presidents of Russia, Kazakhstan, Kyrgyzstan and Armenia at a meeting held in St. Petersburg in December 2016.

It is mention-worthy in this regard that a number of investment proposals have been exchanged between these two nations of late. From the Russian side, a deal was signed in Oct 2016 for paving way to the acquisition of a stake in India's Essar Oil company with an enterprise value of about \$13 billion by Russian giant Rosneft and its partners. This is unprecedented in India-Russia investment relationships. Rosneft also plans to export 100 million tons of crude to India in the next ten years. The Indian companies also invested in the Russian oil and gas sector through signing of a bunch of deals potentially worth over \$5 billion for acquiring a stake in Russian most promising oilfields. The consortium of companies (Indian Oil, Oil India and BPCL) agreed to buy a stake in Tas-Yuryakh oilfield in east Siberia for \$1.1 billion. This consortium, jointly with ONGC Videsh Limited, also signed the agreements for taking a stakes in Vankor field, in east Siberia, for about \$4.2 billion.

Source: <http://thebluemoon2008.com/cis-india/india-russia-bottlenecks-in-trade-being-removed/>

## Trend Analysis of India's Engineering Export to CIS

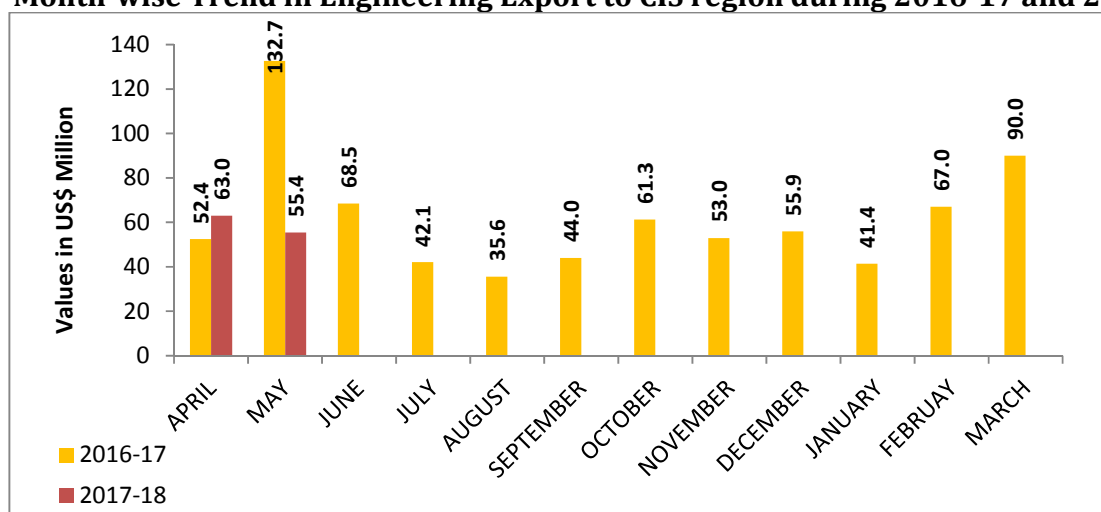
The top 5 CIS nations which had the highest demand for Indian engineering products during April - May 2017-18 are as follows (Value of Exports measured in USD Million):

Country	Export in Apr 2016	Export in Apr 2017	Growth (%)	Export in May 2016	Export in May 2017	Growth (%)	Exports in Apr-May 2016-17	Exports in Apr-May 2017-18	Growth (%)
RUSSIA	32.46	49.93	53.80	117.90	39.24	-66.72	150.36	89.16	-40.70
UKRAINE	4.14	4.33	4.48	4.01	5.93	47.78	8.15	10.26	25.80
UZBEKISTAN	0.76	3.98	423.51	2.44	3.46	41.72	3.20	7.44	132.33
KAZAKHSTAN	0.75	0.80	5.45	1.00	2.44	144.15	1.75	3.24	84.50
TURKMENISTAN	3.57	0.65	-81.88	1.95	1.77	-9.09	5.52	2.42	-56.13

Indian engineering exports to CIS recorded a solid year-on-year growth in Apr 2017 but dropped sharply in May 2017 due to a higher base, i. e. a sudden spurt in exports during May 2016. Russia, as usual controlled the trend with 53.8% growth in imports of Indian engineering products during Apr 2017 and 66.7% drop in May 2017. The next three top importers of the CIS region, namely Ukraine, Uzbekistan and Kazakhstan saw good growth in y-o-y imports of Indian engineering during May 2017 but their combined share in total Imports of CIS was far lower than that of Russia. 5 out of 12 CIS nations recorded year-on-year decline in engineering imports from India during May 2017.

Cumulative analysis for Apr - May 2017-18 also depicted the same trend as May 2017 where Russia recorded a fall in imports but the next three largest importers witnessed decent or high growth. 7 CIS nations saw year-on-year growth in imports of Indian engineering during the first two months of fiscal 2017-18.

**Month-wise Trend in Engineering Export to CIS region during 2016-17 and 2017-18**



**Panel-wise trend in engineering exports to CIS during Apr - May 2017-18**

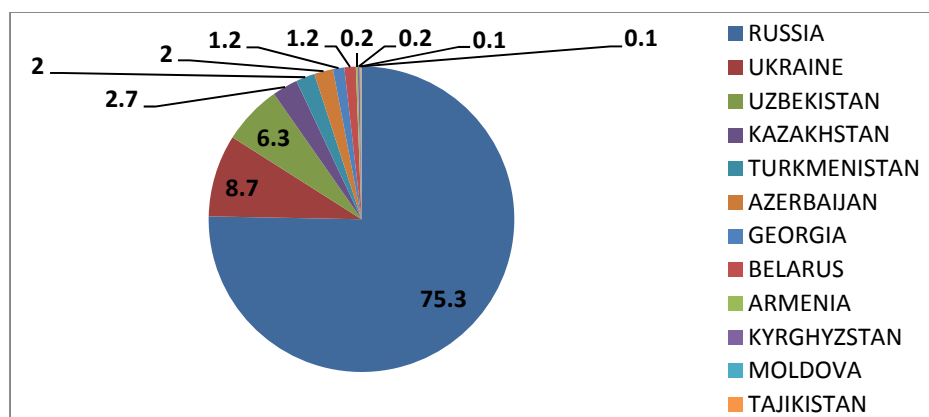
Top 10 panels exported to CIS during April - May 2017-18 are listed below (Value of Exports measured in USD Million).

Panel	Export in Apr 2016	Export in Apr 2017	Growth (%)	Export in May 2016	Export in May 2017	Growth (%)	Exports in Apr-May 2016-17	Exports in Apr-May 2017-18	Growth (%)
<b>Iron and Steel</b>	4.75	8.71	83.23	5.46	9.52	74.30	10.22	18.23	78.45
<b>Aircrafts, Spacecrafts &amp; parts</b>	14.82	13.79	-6.98	2.92	3.87	32.49	17.74	17.66	-0.48
<b>Auto Components/Parts</b>	3.86	7.74	100.42	6.12	6.85	12.04	9.98	14.59	46.25
<b>Industrial Machinery</b>	4.47	5.01	12.26	4.04	5.91	46.31	8.51	10.93	28.43
<b>Other Construction Machineries</b>	1.07	6.46	504.97	0.90	3.63	300.94	1.97	10.09	411.42
<b>Electric Machinery</b>	4.19	2.99	-28.50	4.18	2.70	-35.39	8.37	5.70	-31.94

and Equipments									
<b>Machinery for ATMs</b>	4.59	1.98	-56.87	1.84	2.69	46.17	6.42	4.66	-27.40
<b>Products of Iron &amp; Steel</b>	3.37	2.57	-23.64	2.45	1.84	-24.99	5.82	4.41	-24.21
<b>Hand Tools, Cutting Tools</b>	1.07	2.20	106.29	1.00	1.61	61.14	2.07	3.81	84.49
<b>Medical and Scientific Instruments</b>	1.69	2.06	21.82	1.83	1.74	-5.04	3.53	3.80	7.86

'Iron & Steel' replaced 'IC Engines and Parts' to become the top engineering product group exported by India to CIS region with a 78.5% growth over the same period last year while the later conceded 96.4% decline during this time period. 'Aircrafts, Spacecrafts & Parts' was the second highest exporting panel but recorded a decline on a cumulative basis. 'Auto components / parts' secured the third place with 46.3% rise in year-on-year exports to CIS during Apr - May 2017-18. Four out of the top 10 exported product-panels conceded negative export growth on a cumulative basis. In fact, unusually high exports of 'IC Engines and parts' to Russia was mainly responsible for a sudden rise in engineering exports to CIS during May 2016.

### India's engineering Exports to CIS: Country-wise Share (%) during April - May 2017-18



### Major Importers of Indian Engineering Products in the CIS Region during Apr - May 2017-18

#### Russia:

Russia is the largest importer of Indian engineering products in the CIS region sharing 75.3% of India's engineering exports to CIS during 2016-17

Top exported product: Aircrafts & spacecrafts, Iron & Steel, Auto components and parts, Other construction machinery.

#### Ukraine:

Ukraine is the immediate follower of Russia but with a much lower share at 8.7% during the same time period.

Top exported products: Iron & Steel and products made of Iron and Steel, Industrial machinery, Aluminium & products, Auto components and parts etc.

## Anti-dumping measures

**Measure against India:** Among all engineering products, Russian Federation in 2013 (effective from 26<sup>th</sup> January) imposed 'Anti-dumping measure' on imports of Graphite Electrodes (HS Code - 854511) from India.

**Measure taken by India:** The following table shows anti-dumping investigation initiated by India against CIS member nations in relation to engineering products.

Country Affected	Measure	Product Description	HS Code	Initiation
Russia	Anti-dumping	Hot rolled flat products of alloy or non-alloy steel in coils of a width up to 2100mm and thickness up to 25mm and Hot rolled flat products of alloy or non-alloy steel not in coils of a width up to 4950mm and thickness up to 150mm	7208 7211 7225 7226	11/04/2016
Ukraine	Anti-dumping	Cold rolled/cold reduced flat steel products of iron or non-alloy steel or other alloy steel, of all widths and thickness, not clad, plated or coated	7209 7211 7225 7226	19/04/2016

Source: <http://i-tip.wto.org/goods/Forms/TableViewDetails.aspx?mode=modify>

However, no Anti-dumping measure is in force at present.

## CIS-India – Information Guide

Among the CIS nations, India has a strong economic relation with Russia and these two nations are now considering an FTA.

The INDIA-CIS Chamber of Commerce and Industry, established in 1986 with the objective of promoting, developing and extending commerce, trade and industry between India and CIS countries, serves as an important platform for information in CIS countries. This Chamber provides a dynamic institutional link for the promotion of Commercial, Economic & Cultural relations between India and CIS countries.

The activities of the chamber include

- Arranging buyers / sellers meeting,
- Conducting Conferences, Seminars, Trade Missions, in-bound Delegations, workshops,
- Organizing and participating in trade fair and exhibition
- Solving complicated export problems by setting expert committee
- Searching New Market, New Horizon for manufacturers and exporters
- Visa assistance

The website address of the chamber is given below:

<http://www.indiacis.in/index.html>

## Upcoming exhibitions in CIS Countries

Events	Date	Venue	Link
BUDPRAGRES 2017	5-Sep-2017 to 8-Sep-2017	Minsk-Arena - Football Manege Sport Complex, pr-t Pobediteley 111 Minsk, Belarus	<a href="http://www.eventseye.com/fairs/f-budpragres-339-1.html">http://www.eventseye.com/fairs/f-budpragres-339-1.html</a>
MIMS - MOSCOW INTERNATIONAL MOTOR SHOW 2017	21-Aug-2017 to 24-Aug-2017	Expocentr' Krasnaya Presnya Fairgrounds 14, Krasnopresnenskaya naberezhnaya Moscow 123100, Russia	<a href="http://www.eventseye.com/fairs/f-mims-moscow-international-motor-show-207-1.html">http://www.eventseye.com/fairs/f-mims-moscow-international-motor-show-207-1.html</a>
Industrial Armenia EXPO - 2017	8 -Sep -2017 to 10 - Sep - 2017	"LOGOS" Expo-Center, Yerevan, Armenia.	<a href="http://www.exponet.ru/exhibitions/by-id/industrialer/industrialer2017/index.en.html">http://www.exponet.ru/exhibitions/by-id/industrialer/industrialer2017/index.en.html</a>
Metaltech Central Asia - 2017	20 - Sep - 2017 to 22 - Sep - 2017	Almaty, Kazakhstan	<a href="http://www.exponet.ru/exhibitions/by-id/metaltechal/metaltechal2017/index.en.html">http://www.exponet.ru/exhibitions/by-id/metaltechal/metaltechal2017/index.en.html</a>

## News in Focus

### Armenian exports to Russia last year surged by 50 percent

Armenian president Serzh Sargsyan recalled that this year marks the 25th anniversary of the establishment of diplomatic relations between the countries, recalling also that in 2016 Armenian exports to Russia surged by more than 50%.

Link: [http://www.arka.am/en/news/economy/armenian\\_exports\\_to\\_russia\\_last\\_year\\_surged\\_by\\_50\\_percent/](http://www.arka.am/en/news/economy/armenian_exports_to_russia_last_year_surged_by_50_percent/)

### New opportunities, ancient routes: Armenia as a gateway to Eurasian and Iranian markets

Armenian Foreign Minister Edward Nalbandian participated in the Armenian-Italian business forum in Rome. Addressing the forum, Minister Nalbandian presented the investment opportunities of the country, the reforms implemented to improve the business climate, integration processes, etc.

Link: <http://cis.einnews.com/article/385519447/u9K9CCI3BHXqXYUq?lcf=n6akwSxISFexT6QvoahKuw%3D%3D&pg=4>

### Russia's economy is on the mend

The country is recovering nicely from a recession and should see economic growth of 1.4% this year, according to a new report by the International Monetary Fund. Russia is heavily dependent on oil exports and was hit hard when crude prices started to crash in 2014. Economic sanctions imposed by Western governments as punishment for Russia taking control of Ukraine's Crimea region dealt the economy another blow.

Link: <http://money.cnn.com/2017/05/19/news/economy/russia-economy-imf/index.html>

### Russian government may establish \$1.7 billion digital economy fund

The Russian government is currently discussing the prospect of setting up a digital economy fund totaling 100 bln rubles (\$1.7 bln), Presidential Aide Andrei Belousov said. The digital economy development program will be announced on July 5, 2017.

Link: <http://tass.com/economy/953619>

## Tender Information in CIS

### *Prior information Notices*

Location	Title	Deadline
Russian Federation	Development Of Project Documentation For Repair And Restoration Works On The Cultural Heritage Site	20-Jul-2017
Russian Federation	Execution Of Works On The Construction Of The Facility: \"engineering Networks Of Heat Supply, Water Supply And Sewerage.	14-Jul-2017
Russian Federation	Implementation Of Works On The Reconstruction Of The Central Water Conduit In The Village Of Khorol In The Khorol District Of Primorsky Krai.	14-Jul-2017
Russian Federation	Overhaul Of Engineering Networks	13-Jul-2017

For more contract notices, Please register with Tenderinfo and follow the link: <http://www.tendersinfo.com> and search for CIS.

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